

INDEPENDENT AUDITORS' REPORT

To the members of International Packaging Films Limited

Report on the audit of consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of **International Packaging Films Limited and its subsidiaries** (the Group), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is **Shaikh Ahmed Salman**.



Chartered Accountants

Place: Karachi

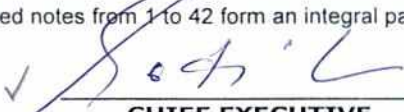
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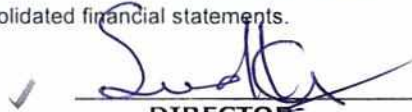
Date: 3 October 2023

INTERNATIONAL PACKAGING FILMS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	23,082,658,416	9,525,271,753
Intangible assets	6	61,114,587	17,243,779
Right-of-use assets	7	36,671,720	13,201,119
Long-term deposit		6,370,550	1,032,450
		<u>23,186,815,273</u>	<u>9,556,749,101</u>
CURRENT ASSETS			
Stores and consumables	8	275,937,912	205,217,762
Stock-in-trade	9	3,193,198,982	2,393,515,852
Trade debts	10	3,348,646,520	2,265,172,614
Trade deposits and short-term prepayments	11	28,832,918	35,288,952
Loans, advances and other receivables	12	365,854,002	505,350,281
Taxation - net		-	559,752,547
Sales tax refundable		391,721,042	256,923,116
Short term Investment	13	93,000,000	-
Cash and bank balances	14	240,143,967	226,240,744
		<u>7,937,335,343</u>	<u>6,447,461,868</u>
TOTAL ASSETS		<u>31,124,150,616</u>	<u>16,004,210,969</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
930,000,000 (2022: 430,000,000) ordinary shares of Rs. 10/- each	15	<u>9,300,000,000</u>	<u>4,300,000,000</u>
Issued, subscribed and paid-up capital			
630,094,545 (2022: 360,000,000) ordinary shares of Rs.10/- each	15	<u>6,300,945,450</u>	<u>3,600,000,000</u>
Share Premium		<u>1,487,566,470</u>	
Capital reserve			
Surplus on revaluation of property, plant and equipment - net of tax	16	<u>1,642,279,737</u>	<u>1,889,889,539</u>
Revenue reserve			
Accumulated profits		<u>3,019,217,117</u>	<u>3,084,669,708</u>
Other component of Equity			
Actuarial loss on defined benefit obligation - net of tax		<u>(9,222,416)</u>	<u>(3,654,435)</u>
Equity attributable to the Parent Company		<u>12,440,786,358</u>	<u>8,570,904,812</u>
Non-controlling interest		<u>3,065,230,121</u>	<u>560,410,349</u>
Total equity		<u>15,506,016,479</u>	<u>9,131,315,161</u>
NON-CURRENT LIABILITIES			
Deferred tax liability	17	1,501,871,029	1,198,669,331
Deferred staff benefit liability	18	112,129,491	61,380,637
Long-term financing	19	2,914,613,184	652,562,156
Lease liabilities	20	30,988,390	845,837
Deferred income	21	639,710,962	256,404,035
Suppliers credit	22	2,159,536,759	-
		<u>7,358,849,815</u>	<u>2,169,861,996</u>
CURRENT LIABILITIES			
Trade and other payables	23	4,194,086,545	2,004,002,907
Contract liabilities		252,233,454	134,855,825
Short-term borrowing	24	3,261,146,803	2,467,608,151
Accrued markup		141,185,225	40,417,911
Taxation - net		258,784,174	-
Current maturity of lease liability	20	10,835,737	14,980,297
Current maturity of long-term financing	19	122,955,410	28,868,021
Current maturity of deferred income	21	18,056,974	12,300,700
		<u>8,259,284,322</u>	<u>4,703,033,812</u>
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		<u>31,124,150,616</u>	<u>16,004,210,969</u>

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

INTERNATIONAL PACKAGING FILMS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Sales - net	26	19,890,341,028	13,073,906,252
Cost of goods sold	27	(14,409,599,707)	(10,556,317,075)
Gross profit		5,480,741,321	2,517,589,177
Distribution expenses	28	(259,453,926)	(148,910,558)
Administrative expenses	29	(435,296,978)	(213,391,074)
Finance costs	30	(753,163,710)	(172,008,020)
Other income	31	88,835,407	54,438,198
Other expenses	32	(1,185,357,374)	(553,448,234)
Profit before taxation		2,936,304,740	1,484,269,489
Taxation	33	(1,295,613,393)	(57,215,894)
Net profit for the year		1,640,691,347	1,427,053,595
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss in subsequent years - net of tax</i>			
Remeasurement loss on defined benefit plan		(9,664,335)	(5,454,380)
Deferred tax thereon		4,096,354	1,799,945
		(5,567,981)	(3,654,435)
Revaluation surplus on property, plant and equipment		-	1,115,402,505
Deferred tax thereon		(143,695,797)	(384,008,465)
		(143,695,797)	731,394,040
Other comprehensive income for the year - net of tax		(149,263,778)	727,739,605
Total comprehensive income for the year		1,491,427,569	2,154,793,200
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Parent Company		1,930,948,554	1,432,451,461
Non-controlling interest		(290,257,207)	(5,397,866)
		1,640,691,347	1,427,053,595
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Parent Company		1,781,684,776	2,160,191,066
Non-controlling interest		(290,257,207)	(5,397,866)
		1,491,427,569	2,154,793,200
Earnings per share - basic and diluted			
	34	3.32	2.46

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

INTERNATIONAL PACKAGING FILMS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid up capital	Share Premium	Capital reserve Revaluation surplus on property, plant and equipment (net of tax)	Revenue reserve Accumulated profits Rupees	Other component of equity Actuarial loss on defined benefit obligation - net of tax	Non-controlling Interest	Total equity
Balance as at June 30, 2021	3,600,000,000	-	1,218,989,793	1,591,723,953	-	248,408,209	6,659,121,955
Net profit for the year	-	-	-	1,432,451,461	-	(5,397,866)	1,427,053,595
Other comprehensive income	-	-	731,394,040	-	(3,654,435)	-	727,739,605
Total comprehensive income for the year	-	-	731,394,040	1,432,451,461	(3,654,435)	(5,397,866)	2,154,793,200
Advance against future issue of shares- PETPAK Films (Private) Limited	-	-	-	-	-	317,400,006	317,400,006
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	(60,494,294)	60,494,294	-	-	-
Balance as at June 30, 2022	3,600,000,000	-	1,889,889,539	3,084,669,708	(3,654,435)	560,410,349	9,131,315,161
Net profit for the year	-	-	-	1,930,948,554	-	(290,257,207)	1,640,691,347
Other comprehensive income	-	-	(143,695,797)	-	(5,567,981)	-	(149,263,778)
Total comprehensive income for the year	-	-	(143,695,797)	1,930,948,554	(5,567,981)	(290,257,207)	1,491,427,569
Advance against future issue of shares- Petpak Films (Private) Limited	-	-	-	-	-	2,795,076,979	2,795,076,979
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	(103,914,005)	103,914,005	-	-	-
Issuance of 60,063,030 ordinary shares each fully paid in cash (note 15.2)	600,630,300	1,487,566,470	-	-	-	-	2,088,196,770
Bonus shares issued in the ratio of 50 bonus shares for every 100 shares held	2,100,315,150	-	-	(2,100,315,150)	-	-	-
Balance as at June 30, 2023	6,300,945,450	1,487,566,470	1,642,279,737	3,019,217,117	(9,222,416)	3,065,230,121	15,506,016,479

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

INTERNATIONAL PACKAGING FILMS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,936,304,740	1,484,269,489
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets	5.1.3	430,694,555	347,803,457
Amortization on intangible assets	6	4,963,036	1,230,366
Depreciation on right-of-use assets	7.2	12,100,730	12,154,200
Gain on disposal of operating fixed assets	31	(3,321,780)	(2,617,936)
Unrealized exchange loss - net		267,216,531	105,600,018
Profit on saving accounts	31	(36,105,843)	(6,071,224)
Provision for gratuity	18	46,754,715	31,881,046
Amortization of deferred income	31	(3,586,496)	(4,436,371)
Provision for expected credit loss		59,098,437	-
Finance costs	30	753,163,710	172,008,020
		1,530,977,595	657,551,576
Working capital changes			
Increase in current assets			
Stores and consumables		(70,720,150)	(107,237,449)
Stock-in-trade		(799,683,130)	(795,433,497)
Trade debts		(1,142,572,343)	(1,080,714,260)
Trade deposits and short-term prepayments		6,456,034	(10,899,708)
Loans, advances and other receivables		139,496,279	(386,075,448)
Sales tax refundable		(134,797,926)	25,944,228
		(2,001,821,236)	(2,354,416,134)
Increase in current liabilities			
Trade and other payables		1,922,867,107	212,846,714
Contract liabilities		117,377,629	66,450,177
		2,040,244,736	279,296,891
Cash generated from operations		4,505,705,835	66,701,822
Taxes paid		(313,474,418)	(184,076,128)
Gratuity paid	18	(10,549,605)	(1,710,278)
Finance costs paid		(647,081,327)	(141,372,073)
Net cash generated from / (used) in operating activities		3,534,600,485	(260,456,657)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(13,890,576,250)	(2,153,769,107)
Additions under intangible assets		(48,833,844)	(7,142,707)
Profit on saving accounts	31	36,105,843	6,071,224
Long term deposit paid		(5,338,100)	-
Proceeds from disposal of operating fixed assets		17,447,884	6,016,294
Net cash used in investing activities		(13,891,194,467)	(2,148,824,296)
CASH FLOWS FROM FINANCING ACTIVITIES			
Received against issuance of shares		2,088,196,770	-
Suppliers credit		2,159,536,759	-
Repayments of lease liabilities	20.1	(14,888,408)	(13,184,066)
Receipt against shares issued to non-controlling interest		2,795,076,979	317,400,006
Short term borrowings - net		745,129,991	1,335,303,551
Long-term borrowings - obtained		2,670,900,830	895,956,170
Long-term borrowings - repaid		(28,864,377)	(56,485,161)
Net cash generated from financing activities		10,415,088,544	2,478,990,500
Net increase in cash and cash equivalents		58,494,562	69,709,547
Cash and cash equivalents at the beginning of the year		226,240,744	156,531,197
Cash and cash equivalents at the end of the year		284,735,306	226,240,744
Cash and cash equivalents:			
Cash and bank balances	14	240,143,967	226,240,744
Short term investment	13	93,000,000	-
Bank overdraft	24	(48,408,661)	-
		284,735,306	226,240,744

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

INTERNATIONAL PACKAGING FILMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 THE GROUP AND ITS OPERATIONS

International Packaging Films (Private) Limited (the Parent Company) was incorporated in Pakistan as a Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on October 2, 2015. The registered office of the Parent Company is situated at Plot # 40-L-1, P.E.C.H.S., Block 6, near Jason Trade Centre Karachi. The Parent Company is principally engaged in the manufacturing and sale of flexible packaging materials. The Parent Company has started its commercial operations effective September 2017. On June 11, 2021 the Parent Company converted its status as a private company to public limited company. Information on the Group's structure is provided in note 1.2.

These financial statements are the consolidated financial statements of the Holding Company and its subsidiaries ("the Group"). In addition to the consolidated financial statements, the Holding Company prepares and presents its separate financial statements for the year ended June 30, 2023.

1.1 Geographical location and address of all the business units are as under:

Business unit	Address
Production facility	IPAK Plant, Manga Chowk, Raiwind, Bypass road, Raiwind district, Lahore, Punjab.
Head office	40-L-1, P.E.C.H.S., Block 6, near Jason Trade Centre, Karachi, Sindh.
Workshop	Hall 16M, Bhachoki Mahja Tehsil, Raiwand district, Lahore, Punjab.
Warehouse	House No. 317 Mahala Maskabad Lahore Pakistan.
Other rented premises	Quarters 1,2,3,4,5, Nae Abadi Salamat Pura, Manga Road, Raiwand district, Lahore, Punjab.

1.2 Group Information

The consolidated financial statements of the Group include:

	% of shareholding	
	2023	2022
Cast Packaging Films (Private) Limited (note 1.3)	100%	100%
PETPAK Films (Private) Limited (note 1.4)	52%	52%
Global Packaging Films (Private) Limited (note 1.5)	100%	100%
PETPAK Plus (Private) Limited (note 1.6)	52%	52%

- 1.3** Represents 158,800,000 (2022: 158,800,000) ordinary shares of of Rs. 10/- each. The subsidiary was incorporated on April 01, 2020 and is principally engaged in the manufacturing and sale of flexible packaging materials mainly comprising of CPP (Cast Polypropylene) film and its allied products. The subsidiary commenced its commercial operations from April 01, 2021.
- 1.4** Represents 310,973,528 (2022: 27,083,332) ordinary shares of Rs. 10/- each. The subsidiary was incorporated on September 21, 2020 and will be principally engaged in the business of manufacturing and sale of flexible packaging materials mainly comprising of BO-PET (biaxially-oriented polyethylene terephthalate) film and its allied products.
- 1.5** Represents 609,445,000 (2022: 100,000,000) ordinary shares of Rs. 10/- each. The subsidiary was incorporated on January 15, 2021 and will be principally engaged in the business of manufacturing and sale of flexible packaging materials mainly comprising of BOPP (biaxially-oriented polypropylene) film and its allied products.
- 1.6** Represents 5,200 ordinary shares of Rs. 10/- each indirectly held by the Parent Company, through its subsidiary company - Petpak Films (Private) Limited. Petpak Plus (Private) Limited was incorporated on Octobet 06, 2020 and will be principally engaged in the manufacturing and sale of flexible packaging materials mainly comprising of BO-PET (biaxially-oriented polyethylene terephthalate) film and allied products of PET Packaging.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ from the Accounting standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

2.3 Functional and presentation currency

These consolidated financial statements have been presented in Pakistani rupee, which is the Parent Company's functional and presentation currency.

2.4 Basis of consolidation

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where the ownership of a subsidiary is less than 100% and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

Subsidiaries have same reporting period as that of the Group. The accounting policies of subsidiaries have been changed to conform with accounting policies of the Group, wherever needed.

3 Standards, interpretations and amendments applicable to the consolidated financial statements

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as described below:

Amendments and improvements to approved accounting standards

The Group has adopted the following amendments and improvements to approved accounting standards which became effective for the current year:

Amendments to approved accounting standards

IFRS 3 Reference to the Conceptual Framework (Amendments)

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)

IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to accounting standards issued by the IASB (2018 – 2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for the derecognition of financial liabilities

IAS 41 Agriculture – Taxation in the fair value measurement

IFRS 16 Leases: Lease incentives

The adoption of the above amendments and improvements did not have any material impact on these consolidated financial statements.

3.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and improvements to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or Improvement		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

The above amendments and improvements are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	January 01, 2004
IFRS 17 - Insurance Contracts	January 01, 2023

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Property, plant and equipment (except for freehold land, its building and plant and machinery) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land, its building and plant and machinery are stated at revalued amount less subsequent accumulated depreciation and impairment losses, if any.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criterias are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criterias for provision are met.

Depreciation is charged to consolidated statement of profit or loss using straight line method at the rates as disclosed in note 5.1 to the consolidated financial consolidated statements. Depreciation on additions is charged from the date on which the asset is available to use till the date on which asset is disposed off.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Group.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss in the year the asset is derecognized.

The assets' residual values, useful lives and method of depreciation are revised, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Valuations are performed frequently to ensure that the fair value of the revalued assets do not differ materially from their carrying value amount at the reporting date.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in consolidated statement of profit or loss, the increase is recognised in consolidated statement of profit or loss. A revaluation deficit is recognised in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

The difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to unappropriated profit or loss at each reporting date. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets when the revalued amount significantly differs from the carrying amount. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit or loss.



4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation, including salaries and wages directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

4.2 Intangible asset

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and that the cost of such asset can also be measured reliably.

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the consolidated statement of profit or loss applying straight line method at the rate as disclosed in note 6 to the consolidated financial consolidated statements. Amortisation on addition is charged from the date on which the assets are available for use and on disposal up to the month immediately preceding the date of disposal.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Useful lives of intangible assets are reviewed, at each reporting date and adjusted if appropriate.

The carrying values of intangibles are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The resultant impairment loss is recognised in the consolidated statement of profit or loss.

4.3 Business combination

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is not amortised and tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated statement of profit or loss. Acquisition costs are expensed as incurred, and included in administrative expenses. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

4.3.1 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

These consolidated financial statements have been prepared using uniform accounting policies for the like transactions and other events in similar circumstances and the accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Parent Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Parent Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit or loss. Any retained interest in the former subsidiary is measured at fair value where control is lost.

The financial year of the Parent Company and its subsidiaries are the same.

4.3.2 Non-controlling interests

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets. They are presented as a separate item in the consolidated financial statements.

4.3.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation.

4.4 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated using straight line method over the lease term as disclosed in note 7 to these consolidated financial statements. Right of use assets are subject to impairment, if any.

4.5 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

4.6 Stores and consumables

These are stated at weighted average cost less provision against slow-moving items, if any. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over net realizable value. Provision is made for obsolete and slow moving items where necessary and is recognised in the consolidated statement of profit or loss.

4.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is determined using weighted average method. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Cost comprises all costs of purchase and other cost incurred in bringing the inventories to their present location and condition.

Stock-in-transit is valued at cost comprising invoice price and charges thereto up to the reporting date.

Provision for obsolescence is made where necessary and recognised in consolidated statement of profit or loss.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less expected credit loss, if any. Bad debts are written-off when identified and charged to consolidated statement of profit or loss.

4.9 Advances, trade deposits and short-term prepayments

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each reporting date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

4.10 Cash and cash equivalents

Under the consolidated statement of financial position, cash and cash equivalents are stated at cost and are defined as cash in hand, cash at banks and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances

4.11 Taxation

Current

Provision for current taxation is based on taxable income at current rate of taxation after taking into account tax credits and tax rebates available, if any, in accordance with provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in the other comprehensive income is recognised in the other comprehensive income and not in consolidated statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

4.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the Group.

4.13 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.14.1 Financial assets

a) Initial recognition and measurement

The financial assets of the Group mainly include trade debts, deposits, loans, advances, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to the consolidated statement of profit or loss.

c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4.14.2 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

4.14.3 Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

b) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

4.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Lease liabilities

The Group assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.17 Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.18 Staff retirement benefit - defined benefit plan (gratuity scheme)

The Parent Company operates defined benefit plan i.e. unapproved and unfunded gratuity schemes for its employees. The gratuity scheme has been introduced with effect from July 1, 2020. The eligible service for the purpose of gratuity benefits shall be calculated from date of appointment or July 1, 2020 whichever is later. Provisions are made in these consolidated financial statements in accordance with actuarial valuation carried out annually using the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the other comprehensive income, net of deferred tax. The latest valuation was carried out as at June 30, 2023. The benefit is payable on completion of prescribed qualifying period of the service.

The Subsidiary Companies operates defined benefit plan i.e. unapproved and unfunded gratuity schemes for its employees. The gratuity scheme has been introduced with effect from July 1, 2022. The eligible service for the purpose of gratuity benefits shall be calculated from date of appointment or July 1, 2022 whichever is later. Provisions are made in these consolidated financial statements in accordance with actuarial valuation carried out annually using the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the other comprehensive income, net of deferred tax. The latest valuation was carried out as at June 30, 2023. The benefit is payable on completion of prescribed qualifying period of the service.

Re-measurement gains and losses on defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such re-measurement gains and losses are also immediately recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment of curtailment occurs and when the Group has recognised related restructuring or termination.

4.19 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Group has concluded that it is acting as a principal in all its revenue arrangements. The following are the specific recognition criteria that must be met before revenue is recognised.

Revenue from sale of goods is recognised at a point in time when control of goods have been transferred to a customer i.e. when the performance obligations are met.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

A contract asset is initially recognised for revenue earned in exchange for goods that the Group has transferred to the customer when the right is conditioned on something other than the passage of time. Upon satisfaction of the condition, the amount recognised as contract asset is reclassified to trade receivables. Contract assets are subject to impairment assessment, if any.

Others

- Profit on bank accounts is recognised on effective interest rate method.
- Dividend income is recognised when the right to receive such payment is established.
- Other revenues are accounted when performance obligations are met.

4.20 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the qualifying asset for its intended use are capitalised as a part of the cost of related asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

4.21 Deferred income

Deferred income is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When it relates to income, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out.

4.22 Foreign currency translation

Transactions in foreign currencies are recorded at the rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange differences on foreign currency translations are taken to the statement of profit or loss.

4.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognized in the consolidated financial statements in the period in which such transfers are made.

4.24 Segment reporting

These consolidated financial statements have been prepared on the basis of single reportable segment which is consistent with the internal reporting of the Group.

4.25 Earnings per share policy

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.26 Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

4.27 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

4.28 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.29 Sales tax

Revenues, expenses and assets are recognized, net of the amount of sales tax except:

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- when receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of Receivables or payables in the consolidated statement of financial position.

4.30 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following judgments and estimates which are significant to the consolidated financial statements:

Estimates	Notes
· valuation of certain items of property, plant and equipment	4.1, 5.1 and 16
· determining the method of depreciation, residual values and useful lives of property, plant and equipment, intangibles and right of use assets	5.1, 5.2, 6 and 7
· recognition of tax and deferred tax	4.11 and 17
· accounting for post-employment benefits	4.18 and 18
· fair value measurement of financial instruments	35.4
Judgements	
· expected outcome of contingencies involving the Group	4.27 and 25

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress
In-transit

		June 30, 2023	June 30, 2022
	Note	Rupees	Rupees
5.1		6,335,414,587	6,548,118,692
5.2		16,685,635,510	2,977,153,061
		61,608,319	-
		<u>23,082,658,416</u>	<u>9,525,271,753</u>

5.1 Operating fixed assets

	COST / REVALUATION				ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2022	Additions/ *transfers	Disposals	Revaluation	Elimination of accumulated depreciation	As at June 30, 2023	Charge for the year (note 5.1.3)	Disposals	Elimination of accumulated depreciation
						Rupees			
Freehold land	347,042,012	-	-	-	-	347,042,012	-	-	-
Buildings on freehold land	589,399,002	1,658,652 * 725,000	-	-	-	591,782,654	36,755,380	-	-
Plant and machinery	5,469,999,998	9,431,763 * 74,767,315	-	-	-	5,554,199,076	341,064,408	-	-
Electrical installations	116,230,307	150,000 * 1,228,592	-	-	-	117,608,899	17,713,706	-	-
Office equipment	63,817,741	9,618,002 * 5,665,069	(1,155,876)	-	-	77,944,936	8,178,767	(943,009)	-
Furniture and fittings	21,218,629	6,433,300 * 284,534	-	-	-	27,936,463	4,051,328	-	-
Motor vehicles	99,134,368	112,664,911 * 9,489,416	(25,304,872)	-	-	195,983,823	22,330,966	(11,391,635)	-
	6,706,842,057	139,956,628 * 92,159,926	(26,460,748)	-	-	6,912,497,863	430,694,555	(12,334,644)	-
						158,723,365	577,083,276	6,335,414,587	15-25

	COST / REVALUATION				ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciation Rate %	
	As at July 01, 2021	Additions/ *transfers	Disposals	Revaluation	Elimination of accumulated depreciation	As at June 30, 2022	As at July 01, 2021	Charge for the year (note 5.1.4)	Disposal	Elimination of accumulated depreciation		As at June 30, 2022

* Represents transfer from capital work-in-progress (note 5.2).

5.1.1 The installed capacity and actual production of the Industrial unit of the Group is 51,260 tons and 32,155 (2022: 51,260 tons and 27,921) tons per annum respectively. Actual production is in line with the market demand.

5.1.2 Items having an aggregate cost of Rs. 113,537,980 (2022: Rs. 35,006,786) at the end of the year have been fully depreciated and are still in use of the Group.

5.1.3 Depreciation for the year has been allocated as follows:

	June 30, 2023	June 30, 2022
Cost of goods sold	414,465,512	340,442,546
Distribution expenses	2,376,539	2,194,767
Administrative expenses	13,852,504	5,166,144
	430,694,555	347,803,457

5.1.4 Details of operating fixed assets disposed off during the year are as follows :

Book value exceeding Rs. 500,000 each	Rupees				Particulars of buyer	Relationship
	Cost	Accumulated Depreciation	Book value	Sales proceeds		
Motor vehicle	9,330,216	397,617	8,932,599	8,635,172	(297,427) Group policy	Ex-employee
Motor vehicle	1,700,000	1,045,580	654,420	932,500	278,080 Group policy	Employee
Motor vehicle	1,196,706	585,816	610,890	640,849	29,959 Group policy	Employee
Book value not exceeding Rs. 500,000 each	14,233,826	10,305,631	3,928,195	7,239,363	3,311,168	
2023	26,460,748	12,334,644	14,126,104	17,447,884	3,321,780	

*In the previous year, there were no disposal of fixed assets with an aggregate book value exceeding amount of Rs. 5 million.

- 5.1.5 In 2022, the Group had carried out the valuation exercise through an independent external valuer accredited by the State Bank of Pakistan. The fair value determined by the external valuer, using replacement cost model, resulted in revaluation surplus of Rs.1,115,402,505/-. The fair values were determined with reference to market based evidence, based on relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of freehold land its building and plant and machinery falls under level 2 of fair value hierarchy (i.e. significant observable inputs). The forced sale values on June 30, 2022 are as follows:

	Rupees
Freehold land	276,500,000
Buildings on freehold land	471,519,200
Plant and machinery	3,829,000,000
	<u>4,577,019,200</u>

- 5.1.6 Had there been no revaluation, the written down value (WDV) would have been:

	Cost as of July 01	Additions during the year	Disposals during the year	Total cost as of June 30	Accumulated depreciation	Net book value as at June 30
	Rupees					
Freehold land	61,690,214	-	-	61,690,214	-	61,690,214
Buildings on freehold land	322,213,527	2,383,652	-	324,597,179	72,863,092	251,734,087
Plant and machinery	3,102,221,683	84,199,078	-	3,186,420,761	531,795,205	2,654,625,556
2023	<u>3,486,125,424</u>	<u>86,582,730</u>	<u>-</u>	<u>3,572,708,154</u>	<u>604,658,297</u>	<u>2,968,049,857</u>
2022	<u>2,885,872,947</u>	<u>600,252,477</u>	<u>-</u>	<u>3,486,125,424</u>	<u>451,580,651</u>	<u>3,034,544,773</u>

- 5.1.7 The carrying amount of property, plant and equipment pledged as security against long-term and short-term borrowing is disclosed in notes 19.2 to 19.5 and 24.1 to 24.3 to these consolidated financial statements

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
5.2 Capital work-in-progress			
Opening		2,977,153,063	1,479,040,448
Additions to capital work-in-progress		13,800,642,373	2,039,625,716
Transfers to operating fixed assets	5.1	(92,159,926)	(541,513,103)
Closing	5.2.1	<u>16,685,635,510</u>	<u>2,977,153,061</u>
5.2.1 Breakup of capital work-in-progress as of reporting date:			
- Land		576,114,053	575,652,144
- Plant and machinery		13,328,003,061	1,873,945,101
- Building		2,032,291,535	504,511,464
- Vehicle		-	9,489,416
- Electric installation and others		749,091,081	7,720,666
- Office Equipment		135,780	5,589,736
- Furniture		-	244,534
		<u>16,685,635,510</u>	<u>2,977,153,061</u>

6 INTANGIBLE ASSETS

Operating		61,114,587	10,543,779
Capital work-in-progress	6.2	<u>-</u>	<u>6,700,000</u>
		<u>61,114,587</u>	<u>17,243,779</u>

	COST			ACCUMULATED AMORTISATION			NET BOOK VALUE	USEFUL LIFE
	As at July 01, 2022	Additions / Transfers	As at June 30, 2023	As at July 01, 2022	For the year	As at June 30, 2023	As at June 30, 2023	%
	Rupees							
Software 2023	12,881,873	55,533,844	68,415,717	2,338,094	4,963,036	7,301,130	61,114,587	10
Software 2022	13,227,122	442,707	13,669,829	1,895,684	1,230,366	3,126,050	10,543,779	10

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
6.1 Amortisation for the year has been allocated as follows:			
Cost of goods sold	27	60,944	-
Administrative expenses	29	4,902,092	1,230,366
		<u>4,963,036</u>	<u>1,230,366</u>

6.2 Capital work-in-progress

Opening	6,700,000	-
Additions to capital work-in-progress	-	6,700,000
Transfers to operating fixed assets	(6,700,000)	-
Closing	<u>-</u>	<u>6,700,000</u>

INTERNATIONAL PACKAGING FILMS LIMITED

		June 30, 2023 Rupees	June 30, 2022 Rupees
7	RIGHT-OF-USE ASSETS		
	Balance as at July 01	13,201,119	25,355,319
	Modification during the year	35,571,331	-
	Depreciation charge for the year	7.2 (12,100,730)	(12,154,200)
	Balance as at June 30	<u>36,671,720</u>	<u>13,201,119</u>
	Depreciation rate	<u>33.33%</u>	<u>33.33%</u>
7.1	The Parent Company has lease contracts for the rented premises. In general, the Parent Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Parent Company and the Lessors. The Parent Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care.		
7.2	Depreciation for the year has been allocated as follows:	Note	June 30, 2023 Rupees
	Cost of goods sold	27	7,467,597
	Distribution expenses	28	1,290,528
	Administrative expenses	29	3,342,605
			<u>12,100,730</u>
8	STORES AND CONSUMABLES		
	Lubricants		14,464,735
	Fuel		22,924,247
	Spare parts and consumables		237,964,688
	In-transit		584,242
			<u>275,937,912</u>
9	STOCK IN TRADE		
	Raw material		
	- In hand		1,927,846,094
	- In transit		818,023,636
			<u>2,745,869,730</u>
	Work-in-process		199,665,966
	Finished goods		
	- In hand		179,045,149
	- In transit		36,818,205
			<u>215,863,354</u>
	Packaging materials		31,799,932
			<u>3,193,198,982</u>
10	TRADE DEBTS		
	Considered good		3,348,646,520
	Considered doubtful		59,098,437
		10.1	<u>3,407,744,957</u>
	Allowance for expected losses		(59,098,437)
			<u>3,348,646,520</u>

10.1 As of the reporting date, the ageing analysis of gross trade debts is as follows:

	Total	Neither past due nor impaired					Rupees
		0-45 days	46-60 days	61-90 days	91+ days		
Related Parties							
-Universal Packaging (Private) Limited	893,094,747	551,012,712	198,261,829			1,201,442	
-Universal Coating Films (Private) Limited	136,840,036	82,899,457	33,157,811	25,292,822	117,325,942	6,868,483	
-Saima Packaging (Private) Limited	58,251,829	52,041,202	6,209,610	13,914,285	-	1,017	
-Universal Films (Private) Limited	702,160	702,160	-	-	-	-	
-Other than related parties	2,318,856,185	1,346,366,868	863,038,888	63,160,904	22,105,391	24,184,134	
2023	3,407,744,957	2,033,022,399	1,100,668,138	102,368,011	139,431,333	32,255,076	
2022	2,265,172,614	2,064,682,865	179,793,844	8,599	9,751,540	10,935,766	

10.2 This includes maximum aggregate amount outstanding at any time during the year by reference to month end balances and receivables from following related parties:

	Maximum aggregate amount outstanding		Receivable as at 30 June	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
Universal Packaging (Private) Limited	1,108,573,979	371,223,655	893,094,747	323,614,841
Universal Coating Films (Private) Limited	136,840,036	-	136,840,036	-
Saima Packaging (Private) Limited	254,009,524	-	58,251,829	-
Universal Films (Private) Limited	702,160	-	702,160	-
	1,500,125,699	371,223,655	1,088,888,772	323,614,841

11 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	June 30, 2023	June 30, 2022
Trade deposits			
Short term prepayments	11.1	24,261,090	30,873,629
		4,571,828	4,415,323
		28,832,918	35,288,952

11.1 Includes container deposit amounting to Rs. 18,467,557 (2022: Rs. 25,207,192).

			June 30, 2023 Rupees	June 30, 2022 Rupees
12	LOANS, ADVANCES AND OTHER RECEIVABLES	Note		
	Advances			
	- to suppliers		123,072,237	310,786,273
	- shipping guarantee		711,932	105,552,315.00
			<u>123,784,169</u>	<u>416,338,588</u>
	Loan to employees		18,740,012	29,466,171
	Other receivables			
	- rebate receivable		42,287,302	54,492,258
	- from supplier		-	264,458
	- accrued interest		-	46,505
	- Margin against letter of guarantee		179,904,100	-
	- others		1,138,419	4,742,301
			<u>223,329,821</u>	<u>59,545,522</u>
			<u>365,854,002</u>	<u>505,350,281</u>

13 **SHORT TERM INVESTMENT**

This represents investment in term deposit receipt (TDR) of Habib Metropolitan Bank Limited amounting to Rs. 93,000,000 maturity date is by August 7, 2023. This carry return at 15% per annum (2022: Nil)

			June 30, 2023 Rupees	June 30, 2022 Rupees
14	CASH AND BANK BALANCES	Note		
	Cash in hand		273,499	457,994
	Bank balances			
	- Current accounts		111,041,270	141,475,328
	- Saving accounts	14.1	128,829,198	84,307,422
			<u>239,870,468</u>	<u>225,782,750</u>
			<u>240,143,967</u>	<u>226,240,744</u>

14.1 These carry profit at the rates ranging from 6.5% to 17.5% (2022: 2.92% to 6.84%) per annum.

15 **SHARE CAPITAL**

15.1 **Authorised capital**

June 30, 2023	June 30, 2022		June 30, 2023 Rupees	June 30, 2022 Rupees
<u>930,000,000</u>	<u>430,000,000</u>	Ordinary shares of Rs. 10/- each	<u>9,300,000,000</u>	<u>4,300,000,000</u>

15.2 **Issued, subscribed and paid-up capital**

June 30, 2023	June 30, 2022		June 30, 2023 Rupees	June 30, 2022 Rupees
<u>380,063,030</u>	<u>320,000,000</u>	Ordinary shares of Rs. 10/- each	<u>3,800,630,300</u>	<u>3,200,000,000</u>
<u>250,031,515</u>	<u>40,000,000</u>	Issued for cash consideration	<u>2,500,315,150</u>	<u>400,000,000</u>
<u>630,094,545</u>	<u>360,000,000</u>	Issued as bonus shares	<u>6,300,945,450</u>	<u>3,600,000,000</u>

15.3 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

15.4 During the year the Parent Company has made two Right Issues of 51,517,772 ordinary shares and 8,543,258 ordinary shares at an average premium of Rs. 24.89/- per share (rounded off to two decimal places) and Rs. 24/- per share, respectively.

16	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax		June 30, 2023 Rupees	June 30, 2022 Rupees
	Surplus:			
	Opening balance		2,668,210,390	1,638,011,116
	Revaluation surplus during the year		-	1,115,402,505
	Transfer to unappropriated profit in respect of incremental depreciation during the year		(170,350,828)	(85,203,231)
			<u>2,497,859,562</u>	<u>2,668,210,390</u>
	Related deferred tax liability:			
	Opening balance		(778,320,851)	(419,021,323)
	Tax effect on revaluation surplus during the year		(143,695,797)	(384,008,465)
	Incremental depreciation charged during the year		66,436,823	24,708,937
			<u>(855,579,825)</u>	<u>(778,320,851)</u>
			<u>1,642,279,737</u>	<u>1,889,889,539</u>
16.1	The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.			
17	DEFERRED TAX LIABILITY	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
	Taxable temporary differences:			
	- accelerated tax depreciation		686,865,806	569,730,235
	- surplus on revaluation of property, plant and equipment		855,579,825	778,320,851
			<u>1,542,445,631</u>	<u>1,348,051,086</u>
	Deductible temporary difference:			
	- Unused tax losses including unabsorbed depreciation		-	(122,999,180)
	- Provision for staff benefit liability		(35,906,497)	(19,756,761)
	- Others		(4,668,105)	(6,625,814)
			<u>(40,574,602)</u>	<u>(149,381,755)</u>
		17.1	<u>1,501,871,029</u>	<u>1,198,669,331</u>
17.1	This includes the impact of taxable and deductible temporary difference of Rs. 219.983 million (2022: Rs. 145.860 million) and Rs. 8.824 million (2022: Rs. 127.016 million) respectively in relation to the subsidiaries.			
18	DEFERRED STAFF BENEFIT LIABILITY			
	As mentioned in note 4.18 to these consolidated financial statements, the Group operates an unapproved and unfunded gratuity scheme for all its employees. During the year, the Group has carried out valuation under projected credit unit method and has made required disclosures:			
			June 30, 2023 Rupees	June 30, 2022 Rupees
18.1	Staff retirement benefits - gratuity			
18.2	Movement in present value of defined benefit obligations			
	Balance as at July 01		61,380,637	25,755,489
	Previous year adjustment		30,657	
	Current service cost		43,745,819	29,389,280
	Past service cost		419,561	
	Interest cost on defined benefit obligation		7,438,087	2,491,766
	Benefits paid		(10,549,605)	(1,710,278)
	Remeasurements:			
	Actuarial loss from changes in financial assumptions		909,199	532,696
	Experience adjustments		8,755,136	4,921,684
	Balance as at June 30		<u>112,129,491</u>	<u>61,380,637</u>

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		June 30, 2023	June 30, 2022
18.3 Significant actuarial assumptions			
- Discount rate used for period end obligation	18.3.1	16.25% - 15.75%	10%
- Discount rate used for period end obligation		13.25% - 16.25%	10%
- Salary interest rate		15.25% - 14.75%	9%
- Mortality rates		SLIC 2001 - 2005	SLIC 2001 - 2005
- Retirement Assumption		Age 60	Age 60

18.3.1 The discount rate of 16.25% - 15.75% is representative of yields on long-term government bonds.

18.4 Sensitivity analysis

	2023			
	Discount rate		Salary increase	
	+100bps	-100bps	+100bps	-100bps
	-----Rupees-----			
Present value of obligations	102,680,468	123,278,693	123,517,229	102,312,910

Expected gratuity cost for the year ending June 30, 2024 is Rs. 76,884,309.

Expected gratuity payments for the year ending June 30, 2024 is Rs. 21,917,816.

Average duration of defined benefit obligation 7 - 12 years

		June 30, 2023 Rupees	June 30, 2022 Rupees
19 LONG-TERM FINANCING - secured	Note		
State Bank of Pakistan's (SBP) Refinance Facility for payment of salaries and wages	19.2	-	27,658,137
SBP's Financing Scheme for Renewable Energy	19.3	139,942,202	127,313,850
SBP's Temporary Economic Refinance Facility	19.4	1,047,626,392	526,458,190
Diminishing Musharaka	19.5	1,850,000,000	-
Less: current maturity shown under current liabilities	19.1	(122,955,410)	(28,868,021)
		<u>2,914,613,184</u>	<u>652,562,156</u>

19.1 Current maturity of long term financing

State Bank of Pakistan's (SBP) Refinance Facility for payment of salaries and wages	-	27,658,137
SBP's Financing Scheme for Renewable Energy	2,950,765	1,209,884
SBP's Temporary Economic Refinance Facility	58,025,478	-
Diminishing Musharaka	61,979,167	-
	<u>122,955,410</u>	<u>28,868,021</u>

19.2 During the year, the Parent Company has settled the refinance scheme of Rs. 136 million from Bank Al Habib Limited. The purpose of availing the facility was to finance payment of wages and salaries of the employees of business concerns for combating impact of COVID-19 under the SBP Refinance Scheme. The amount received was repayable in 8 equal quarterly installments commencing from March 2021, at the rate of SBP plus 3%. The financing is secured as described below:

- registered 1st hypothecation charge over Plant and Machinery of the Parent Company for Rs. 2,000 million covering aggregate exposure; and
- personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja.

- 19.3 Represents long-term financing obtained under the Islamic Financing for Renewable Energy (IFRE) by the following Group Companies;

Parent Company

Represents a long-term financing obtained under the Islamic Financing for Renewable Energy (IFRE) for installation of renewable energy power project by the State Bank of Pakistan. The total facility of the loan amounted to Rs. 33 million (2022: Rs. 33 million) out of which Rs. 21.059 million (2022: Rs. 22.30 million) remain outstanding which carries profit at the rate of 4% per annum. The loan is repayable in 39 equal quarterly instalments commenced from November 2022. The financing is secured as described below:

- 10% Equity participation;
- registered exclusive hypothecation charge over DM assets of the Parent Company for Rs. 33 million;
- registered 1st hypothecation charge over Plant and Machinery of the Parent Company for Rs. 2,000 million covering aggregate exposure;
- exclusive equitable mortgage valuing Rs. 678 million over Land & Building (52 Kanals - 14 Marlas & 7 Kanals - 11 Marlas) situated at Had Bast Village Bhechuki Mahja, Tehsil Raiwind, District Lahore; and
- personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja (the directors of the Parent Company) for the amount covering aggregate exposure.

Subsidiary Company - Cast Packaging Films (Private) Limited

Represents a long-term financing obtained under the Islamic Financing for Renewable Energy (IFRE) for installation of solar power project by the State Bank of Pakistan. The total facility of the loan amounted to Rs. 66 million (2022: Rs. 66 million) out of which Rs. 41.36 million (2022: Rs. 45.6 million) remain outstanding which carries profit at the rate of 4% per annum. The loan is repayable in 39 equal quarterly instalments commenced from November 2022. The financing is secured as described below:

- 10% Equity participation of the Subsidiary Company;
- Registered exclusive hypothecation Charge over DM asset (purchased under DM SBP IFRE Scheme);
- Title and ownership of asset in the name of BAML and Customer proportionate to their investment ratio;
- Equitable Mortgage along with TRM (Land & Building), over property located at Had Bast Village, Bhechuki Mahja, Tehsil Raiwind, District Lahore;
- Personal Guarantee of all directors of the Subsidiary Company i.e. Mr. Naveed Godil & Mr. Mushtaq Ali Tejani, each amounting to Rs.2 billion; and
- Cross Corporate Guarantee of M/s International Packaging Films Limited amounting to Rs.2 billion.

Subsidiary Company - Global Packaging Films (Private) Limited

This is with reference to IH&SMEFD Circular No. 10 dated July 26, 2019 and IH&SMEFD Circular No. 12 dated August 21, 2019 wherein SBP has introduced the Islamic Financing Facility for Renewable Energy to promote the use of renewable energy. the total amount of the facility from Bank is Rs. 400 million, out of which the Subsidiary Company has utilized 74.5 million as at June 30, 2023 for installation of solar power system. The facility carry interest rate of 5% for 12 years (inclusive of 2 years grace period) and is repayable in 40 equal quarterly instalments commencing from October 2025 and maturing in June 2034. The financing is secured as described below:

- Equity participation by the customer equivalent to 10% of the cost of Diminishing Musharka (DM) Assets;
- registered exclusive hypothecation charge over DM assets;
- personal guarantees of all the directors; and
- cross corporate guarantee of International Packaging Films Limited (the Parent Company)

Subsidiary Company - PetPak Films (Private) Limited

This is with reference to IH&SMEFD Circular No. 10 dated July 26, 2019 and IH&SMEFD Circular No. 12 dated August 21, 2019 wherein SBP has introduced the Islamic Financing Facility for Renewable Energy to promote the use of renewable energy. The total facility of the loan amounted to Rs. 400 million (2022: Rs. 400 million) out of which Rs. 74.5 million remain outstanding which carries profit at the rate of 6% per annum for 12 years (Inclusive of 2 years grace period). The loan is repayable in 40 equal quarterly instalments commenced from September 2024 and maturing in June 2034. The financing is secured as described below:

- Equity participation by the customer equivalent to 10% of the cost of Diminishing Musharka (DM) Assets;
- registered exclusive hypothecation charge over DM assets and pari passu charge over plant and machinery;
- personal guarantees of all the directors; and
- cross corporate guarantee of International Packaging Films Limited (the Parent Company).

- 19.4 This is with reference to IH&SMEFD Circular No. 02 of 2020 wherein SBP introduced Islamic Temporary Economic Refinance Facility (ITERF) in order to support sustainable economic growth by providing concessionary refinance for setting up of new industrial units. Under this facility, the total amount of financing limit from various commercial banks is Rs 1,500 million, out of which the Subsidiary Company - Global Packaging Films (Private) Limited has utilized Rs 1,500 million as at June 30, 2023. The facilities carry interest at rate at 5% (1% SBP Rate +4% spread) payable in 12 - 32 equal quarterly installments starting from May 2024..The loans have tenures of 5 to 10 years. The financing is secured as described below:

The above facility is secured against:

- equity participation by the customer equivalent to 10% of the cost of Diminishing Musharka (DM) Assets;
- registered exclusive hypothecation / Pari Passu charge over plant and machinery;
- equitable mortgage / token mortgage over property;
- personal guarantees of directors; and
- cross corporate guarantee of International Packaging Films Limited (the Parent Company)

- 19.5 During the year, the Parent Company entered into a diminishing musharaka arrangement with Bank Al Habib upto the amount of Rs. 2,000 million at a mark-up of 6 month KIBOR + 1.25% per annum to be determined on a semi-annual basis. The Parent Company has utilised the facility upto Rs. 1,850 million for the purchase of 01 Complete BOPP Film Production Line installed at IPAK Plant, Hadbast Mauza Bachoki Mahja, Tehsil Raiwind, District Lahore. The loan is repayable in 48 consecutive monthly installments payable in arrears beginning from May 19, 2024 after a grace period of 12 months from the date of first draw down i.e. April 19, 2023.

The financing is secured as described below:

- 10% Equity participation;
- registered hypothecation charge over DM asset purchased under DM V S&LB up to amount Rs.2.67 billion (inclusive of 25% margin), or any other security as per BAHF's satisfaction;
- Exclusive Equitable Mortgage charge over (Land & Building] amounting to Rs. 678 million, over property located at Had Bast Village Bhechuki Mahja, Tehsil Raiwind, District Lahore; and
- personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja.

20 LEASE LIABILITIES

The Parent Company has lease contracts for the rented premises. In general, the Parent Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Parent Company and the Lessors. The Parent Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care.

The maturity analysis of the leases as at the reporting date is as follows:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Total lease liabilities		41,824,127	15,826,134
Current maturity of lease liabilities		(10,835,737)	(14,980,297)
	20.1	<u>30,988,390</u>	<u>845,837</u>
20.1 Movement of lease liabilities:			
Balance at the beginning of the year		15,826,134	26,812,811
Recognised during the year		35,571,331	-
Finance cost during the year		5,315,070	2,197,389
Payments made during the year		(14,888,408)	(13,184,066)
Balance at the end of the year		41,824,127	15,826,134
Current maturity shown under current liabilities		(10,835,737)	(14,980,297)
Non-current lease liabilities		<u>30,988,390</u>	<u>845,837</u>

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20.2 The amount of future minimum lease payments, together with the present value of the minimum lease payments, and the periods during which they fall due are as follows:

	June 30, 2023 Rupees	June 30, 2022 Rupees
Within one year	16,235,456	15,016,826
After one year but not more than five years	35,891,150	1,821,161
Total minimum lease payments	52,126,606	16,837,987
Less: Finance charges allocated to future periods	(10,302,479)	(1,011,853)
Present value of minimum lease payments	41,824,127	15,826,134
Less: Current maturity shown under current liabilities	(10,835,737)	(14,980,297)
Non-current lease liabilities	30,988,390	845,837

20.3 The following are the amounts recognised in consolidated statement of profit or loss:

Depreciation expense of right-of-use assets	12,100,730	12,154,200
Interest expense on lease liabilities	5,315,070	2,197,399
Expense relating to short-term leases	3,788,553	-
Total amount recognised in consolidated statement of profit or loss	21,204,353	14,351,589

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
21 DEFERRED INCOME			
As at July 01		268,704,736	6,835,390
Recognised during the year		392,649,695	266,305,716
Amortised during the year	31	(3,586,495)	(4,436,371)
As at June 30	21.1	657,767,936	268,704,735
21.1 Non-current portion		639,710,962	256,404,035
Current portion		18,056,974	12,300,700
		657,767,936	268,704,735

22 SUPPLIER'S CREDIT

Represents payable against the purchase of Brückner Maschinenbau Pet film line BOPET films on deferred payment basis and is payable in three installments ending on March 09, 2025. The payable amount has been discounted at a rate of 8.23% per annum to arrive at the present value. The reconciliation of the carrying amount is as follows:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Opening balance		369,747,897	-
Additions during the year		1,907,329,018	388,125,708
Add: Unwinding of discount		56,851,814	10,179,450
Exchange loss		250,830,469	99,582,147
Paid during the year		(425,222,439)	(128,139,408)
		2,159,536,759	369,747,897
Less: current maturity shown under current	23	-	(369,747,897)
		2,159,536,759	-

INTERNATIONAL PACKAGING FILMS LIMITED

		June 30, 2023 Rupees	June 30, 2022 Rupees
23	TRADE AND OTHER PAYABLES		
	Creditors	3,410,006,141	1,094,670,552
	Accrued liabilities	221,094,912	310,068,196
	Withholding tax payable	45,560,059	26,187,109
	Current maturity of supplier's credit	-	369,747,897
	Workers' Profit Participation Fund payable	170,546,384	80,705,163
	Workers' Welfare Fund payable	140,643,733	57,387,891
	Excise And taxation	194,624,798	62,318,652
	Other payables	11,610,518	2,917,447
		<u>4,194,086,545</u>	<u>2,004,002,907</u>
23.1	Workers' Profit Participation Fund		
	Opening balance	80,705,163	64,177,454
	Payments made during the year	(113,824,113)	(64,177,454)
	Charge for the year	203,665,334	80,705,163
	Closing balance	<u>170,546,384</u>	<u>80,705,163</u>
23.2	Workers' Welfare Fund		
	Opening balance	57,387,891	24,921,135
	Payment made during the year	-	-
	Charge for the year	57,387,891	24,921,135
	Closing balance	<u>83,255,841</u>	<u>32,466,756</u>
		<u>140,643,732</u>	<u>57,387,891</u>
24	SHORT-TERM BORROWING		
	Short-term finance - Musawama	24.1	2,410,051,042
	Short-term finance - Tijarah	24.2	300,000,000
	Istisna Finance	24.3	502,687,100
	Bank overdraft - unsecured		48,408,661
			<u>3,261,146,803</u>
			<u>2,467,608,151</u>
24.1	Represents Musawama Finance obtained from a commercial bank by Parent Company, having a limit of Rs. 3,600 million (2022: Rs. 2,300 million) out of which Rs. 1,189 million (2022: Rs. 312 million) remains unutilized for Musawama Finance at the reporting date. These facilities carry mark-up ranging from 3 month's KIBOR + 0.75% to 6 month's KIBOR + 1% per annum (2022: 3 month's KIBOR + 0.75% to 6 month's KIBOR + 1% per annum) and is repayable within 120 days from the disbursement date. The facility is secured as described below:		
	- registered 1st Pari Passu hypothecation charge over movables and receivables of the Parent Company for Rs. 6,000 million (2022: Rs. 2,911 million) including 25% margin; - registered 1st hypothecation charge over plant and machinery valuing Rs. 2,000 million; - exclusive equitable mortgage valuing Rs. 678 million over land and building (52 Kanals — 14 marlas and 7 Kanals — 11 marlas) situated at Had Bast Village Bhechuki Majha, Tehsil Raiwand, district Lahore; - personal guarantee of Mr. Naveed Godil, Mr. taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja (the directors of the Parent Company) for the amount covering aggregate exposure; - pari passu charge over current asset i.e. stock and receivable for Rs. 400 million duly registered with SECP; and - 1st pari passu charge over plant and machinery with 25% margin i.e. Rs 400 million registered with SECP.		
24.2	Represents Tijarah Finance obtained from a commercial bank by Parent Company, having a limit of Rs. 300 million out of which Nil balance (2022: Rs. 105 million) remains unutilized for Tijarah Finance at the reporting date. These facilities carry mark-up of 3 month's KIBOR + 0.75% (2022: 3 month's KIBOR + 1%) per annum and is repayable within 180 days from the disbursement date. The facility is secured as described below:		
	- 1st Pari Passu Charge over current assets (stock and recievable) of Rs. 400 million inclusive of 25% margin; - 1st Pari Passu Charge over plant and machinery of Rs. 400 million inclusive of 25% margin; - personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja (the directors of the Parent Company).		

24.3 Represents Istisna finance obtained by Subsidiary Company - Cast Packaging Films (Private) Limited from a commercial bank, having a limit of Rs. 875 million (2022: Rs. 500 million) out of which Rs. 372 million (2022: Rs. 214 million) remains unutilized for Istisna Finance at the reporting date. These facilities carry mark-up of 3 month's KIBOR + 0.75% per annum (2022: 3 month's KIBOR + 0.75%) and is repayable within 120 days from the disbursement date. The facility is secured as described below:

- First Pari Passu Hypothecation charge over Current Assets of the Subsidiary Company with 25% margin i.e., Rs. 233.34 million.
- First Pari Passu Hypothecation charge over Plant & Machinery of the Subsidiary Company with 25% margin i.e., Rs. 233.34 million
- Cross Corporate Guarantee of M/s. International Packaging Films (Pvt.) Ltd amounting to Rs. 2 billion.
- Personal Guarantees of directors i.e. Mr. Naveed Godil and Mr. Mushtaq Ali Tejani each amounting to Rs. 2 billion.
- Import Documents consigned to the order of Bank Al Habib Limited.
- Bank's control over accepted drafts
- Registered 1st hypothecation charge over movables and receivables of the Subsidiary company amounting to Rs. 1.046 billion inclusive of 25% margin
- Accepted local bills through authenticated swift messages.
- Counter guarantee.
- Equitable mortgage along with TRM (Land and Building) over property located at Had Bast village, Bhencuki Mahja, Tehsil Raiwind, District Lahore.

25 CONTINGENCIES AND COMMITMENTS

Contingencies:

As of the reporting date, there is no contingency to report in these Consolidated financial statements.

	June 30, 2023 Rupees	June 30, 2022 Rupees
Commitments:		
Outstanding letter of credits	7,349,942,450	9,075,895,792
Outstanding bank guarantees	561,006,625	227,473,833
Commitments against purchase of land	283,453,650	521,578,650

25.1 Total facilities for letter of credit and letter of guarantees issued by the bank on behalf of the Group Companies amount to Rs. 15,775 million and Rs. 637 million out of which Rs. 7,350 million and Rs. 561 million have been utilized as per the reporting date respectively.

	June 30, 2023 Rupees	June 30, 2022 Rupees
26 SALES - net		
Local sales	23,379,329,403	14,992,684,441
Export sales	85,430,489	378,863,583
	23,464,759,892	15,371,548,024
Less: Sales tax	(3,546,573,588)	(2,227,088,110)
Sales return	(27,845,276)	(70,553,662)
	19,890,341,028	13,073,906,252

26.1 Revenue recognised during the year from contract liabilities at the beginning of the year amounted to Rs. 134,855,825 (2022: Rs. 68,405,648).

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
27 COST OF GOODS SOLD			
Raw materials consumed	27.1	11,113,036,859	8,522,506,310
Fuel, power and water		1,775,571,803	1,089,290,334
Depreciation on operating fixed assets	5.1.3	414,465,512	340,442,546
Depreciation on right to use asset	7.2	7,467,597	8,254,554
Packing materials consumed	27.2	266,243,282	219,831,686
Salaries, wages and other benefits	27.4	506,882,239	365,222,749
Rent, rates and taxes		28,856,212	18,479,568
Stores and spares consumed		124,674,237	98,385,858
Travelling and hoteling		89,016,048	55,459,574
Lubricants consumed		28,502,565	25,509,550
Insurance		28,795,023	23,856,811
Inward transportation		1,139,769	3,168,899
Repairs and maintenance		15,860,702	15,224,708
Detention charges		14,267	455,978
Loss in transit		-	534,885
Sampling cost		511,829	190,451
Amortization of intangible assets	6.1	60,944	-
Fee for technical services		6,885,208	7,142,312
Clearing agent charges		3,740,855	974,336
Postage and communication		4,239,171	4,138,032
Subscription expenses		1,766,445	1,877,761
Quality certifications		825,061	1,052,555
Commission on import		423,184	157,175
Others		14,870,913	7,948,096
		14,433,849,725	10,810,104,727
Work-in-process			
Opening stock	9	151,084,210	55,091,461
Closing stock	9	(199,665,966)	(151,084,210)
		(48,581,756)	(95,992,749)
Finished goods			
Opening stock	9	240,195,091	82,400,188
Closing stock	9	(215,863,354)	(240,195,091)
		24,331,737	(157,794,903)
		14,409,599,707	10,556,317,075
27.1 Raw materials consumed			
Opening stock	9	1,603,304,573	1,127,722,703
Purchases		11,437,578,380	8,998,088,180
Closing stock	9	(1,927,846,094)	(1,603,304,573)
		11,113,036,859	8,522,506,310
27.2 Packaging materials consumed			
Opening stock	9	37,195,099	15,014,391
Purchases		260,848,115	242,012,394
Closing stock	9	(31,799,932)	(37,195,099)
		266,243,282	219,831,686
27.3 Stores and spares consumed			
Opening stock	8	174,891,036	86,521,397
Purchases		187,747,889	186,755,497
Closing stock	8	(237,964,688)	(174,891,036)
		124,674,237	98,385,858

27.4 Salaries, wages and other benefits include Rs. 33,734,447 (2022: Rs. 21,572,519) in respect of staff retirement benefits.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
28 DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	28.1	76,871,771	53,283,214
Outward expenses		158,731,688	74,780,826
Travelling and conveyance		9,996,321	4,996,358
Depreciation on operating fixed assets	5.1.3	2,376,539	2,194,767
Depreciation on right to use assets	7.2	1,290,528	1,785,776
Trade promotion		1,845,577	3,107,185
Export charges		2,079,162	5,324,950
Rent, rates and taxes		272,027	-
Utilities		503,343	1,045,897
Repair and maintenance		191,803	50,000
Insurance		1,677,492	787,448
Postage and communication		377,909	679,260
Printing and stationary		132,779	77,147
Others		3,106,987	797,730
		<u>259,453,926</u>	<u>148,910,558</u>

28.1 Salaries, wages and other benefits include Rs. 4,914,165 (2022: Rs. 4,378,135) in respect of staff retirement benefits.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
29 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	29.1	140,501,652	101,926,069
Travelling and conveyance		44,681,892	13,889,393
Depreciation on operating fixed assets	5.1.3	13,852,504	5,166,144
Depreciation on right to use assets	7.2	3,342,605	2,113,870
Legal and professional charges		99,558,328	42,317,786
Rent, rates and taxes		11,896,139	2,320,051
Entertainment		6,082,654	409,515
Auditor's remuneration	29.2	5,951,370	3,908,030
Postage and communication		2,642,040	966,685
Utilities		5,557,398	1,046,998
Repairs and maintenance		2,864,331	1,350,583
Insurance		7,009,711	2,397,199
Printing, stationery and periodicals		3,044,470	158,069
Postage and telephone		-	-
Staff training and development		1,007,967	3,210,791
Amortization of intangible assets	6.1	4,902,092	1,230,366
License fee		22,802,288	-
Donations	29.3	22,729,668	12,988,469
Security expenses		15,178,685	9,967,911
Subscription		6,100	-
Others		21,685,084	8,023,145
		<u>435,296,978</u>	<u>213,391,074</u>

29.1 Salaries, wages and other benefits include Rs. 12,985,512 (2022: Rs. 4,901,617) in respect of staff retirement benefits.

	June 30, 2023 Rupees	June 30, 2022 Rupees
29.2 Auditor's remuneration		
Audit fee - statutory audit	3,175,000	2,800,000
- consolidation	575,000	500,000
Other services	2,201,370	608,030
	<u>5,951,370</u>	<u>3,908,030</u>

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	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
29.3	Include donations to the following:		
Bait Us Salam		4,602,750	3,462,000
Dhoraji Youth Services		2,500,000	2,500,000
Dhoraji Association		6,000,000	1,500,000.00
Indus Hospital and health network		2,500,000	2,500,000
Saylani welfare international trust		2,500,000	-
Parwarish Organization		-	1,500,000
		<u>18,102,750</u>	<u>11,462,000</u>
29.4	Recipients of donations do not include any donee in which any director or his spouse had any interest.		
	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
30	FINANCE COSTS		
Mark-up on short-term borrowing		638,211,921	138,561,787
Mark-up on long-term financing		74,945,647	1,060,854
Finance charges on lease liabilities	20.1	5,315,070	2,197,389
Commission on letter of credit		3,972,983	13,089,267
Bank and guarantee charges		28,511,084	6,919,273
Unwinding of discount on supplier's credit		2,207,005	10,179,450
		<u>753,163,710</u>	<u>172,008,020</u>
31	OTHER INCOME		
Income from financial assets:			
Profit on saving accounts		<u>36,105,843</u>	<u>6,071,224</u>
		36,105,843	6,071,224
Income from non-financial assets:			
Scrap sales		35,974,002	33,711,367
Gain on disposal of operating fixed assets		3,321,780	2,617,936
Export rebate		9,847,286	6,458,628
Amortisation of deferred income	21	3,586,496	4,436,371
Others		-	1,142,672
		<u>88,835,407</u>	<u>54,438,198</u>
32	OTHER EXPENSE		
Exchange loss - net		839,337,762	440,276,314
Workers' Profit Participation Fund	23.1	203,665,334	80,705,163
Provision for expected credit loss		59,098,437	-
Workers' Welfare Fund	23.2	83,255,841	32,466,757
		<u>1,185,357,374</u>	<u>553,448,234</u>
33	TAXATION		
Current		1,132,011,138	-
Deferred		163,602,255	57,215,894
		<u>1,295,613,393</u>	<u>57,215,894</u>
33.1	The returns of income tax have been filed up to and including tax year 2022, which is deemed assessed u/s 120 of the Income Tax Ordinance, 2001 (the Ordinance).		

	June 30, 2023 Rupees	June 30, 2022 Rupees
33.2 Relationship between accounting profit and tax expense:		
Accounting profit for the year before taxation	<u>1,640,691,347</u>	<u>1,427,053,595</u>
Tax at applicable rate of 29% (2022: N/A)	475,800,491	-
Super Tax at applicable rate of 10%	164,069,135	-
Tax effects:		
- expenses that are not allowable in determining taxable income	(153,525,887)	7,135,926
- income taxed under Final Tax Regime on export sales	17,630,798	46,997,981
- others	791,638,857	3,081,987
	<u>1,295,613,393</u>	<u>57,215,894</u>
Effective tax rate %	<u>78.97%</u>	<u>4.01%</u>
	June 30, 2023 Rupees	June 30, 2022 Rupees (Restated)
34 EARNINGS PER SHARE		
Profit attributable to the equity holders of the Parent Company	<u>1,930,948,554</u>	<u>1,432,451,461</u>
Weighted average number of ordinary shares in issue	<u>581,359,104</u>	<u>581,359,104</u>
Earnings per share - basic and diluted	<u>3.32</u>	<u>2.46</u>

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as whole, the Group is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise trade and other payables and short-term borrowing. The main purpose of these financial liabilities is to raise finance for Group's operations. The Group has various financial assets such as trade debts, trade deposits, advances, other receivables and cash and bank balances, which are directly related to its operations.

The Group's finance department oversees the management of these risks and provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2023.

The Board of Directors review and agree policies for managing each of these risks which are summarised below:

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk, and other price risk. The sensitivity analyses in the following sections relate to the position as of the reporting date.

35.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group is exposed to foreign currency risk on imports of items of plant and machinery and stock-in-trade, any appreciation in foreign currency has an adverse impact on the Group's operations and cash flows. The Group offsets the said adverse impact by making advance payments when possible.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, on the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

		Foreign currency denominated monetary liabilities	
		2023	2022
USD		7,230,085	5,991,610
EURO		9,866,353	29,703
		Increase / decrease in foreign currency to Pak Rupees	Net effect on profit before tax (Rupees)
2023		+5%	(256,822,346)
		-5%	<u>256,822,346</u>
2022		+5%	(61,685,615)
		-5%	<u>61,685,615</u>

35.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Group's exposure to the risk of changes in market interest rates relates primarily to the short-term borrowing at variable rate.

35.1.3 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before tax (through impact on floating rate financings). Further, interest rate sensitivity does not have a significant impact on the Group's result as shown below:

	Increase / decrease in basis points	Net effect on profit before tax (Rupees)
2023	±50	<u>31,251,534</u>
2022	±50	<u>12,338,041</u>

35.1.4 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. As at reporting date, the Group is not materially exposed to equity price risk.

35.2 Credit risk

35.2.1 Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to its trade debts and bank balances. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers, and undertaking transactions with counter parties in various industries, obtaining advances and continuing assessment of credit worthiness of such customers. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The credit quality of trade debts that are neither past due nor impaired is disclosed in note 10.1 to these consolidated financial statements. As at reporting date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

The Group monitors the credit policy of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Long-term deposits		6,370,550	1,032,450
Trade debts - considered good	10	3,348,646,520	2,265,172,614
Trade deposits	11	24,261,090	30,873,629
Loans and other receivables	12	62,165,733	89,011,693
Bank balances	14	239,870,468	225,782,750
		<u>3,681,314,361</u>	<u>2,611,873,136</u>

35.2.2 The credit quality of Group's bank balances, with reference to external credit ratings, is A1+ and A.

35.3 Liquidity risk

Liquidity risk represents the risk that a Group will encounter difficulties in meeting obligations with the financial liabilities. The Group monitors its risk to a shortage of funds by applying risk management policies and maintaining sufficient cash and bank balances and keeping committed credit lines.

The table below summarizes the maturity profile of the Group's financial liabilities at June 30, 2023 and 2022 based on contractual undiscounted payment dates and present market interest rates:

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
	Rupees				
Long-term loan	1,169,231	5,261,883	157,408,088	2,895,339,042	3,059,178,244
Lease liabilities	-	3,974,856	12,260,601	35,891,150	52,126,606
Supplier's credit	-	-	-	2,159,536,759	2,159,536,759
Trade and other payables	45,560,059	3,642,711,571	-	-	3,688,271,630
Contract liabilities	-	252,233,454	-	-	252,233,454
Short-term borrowing	-	3,261,146,803	-	-	3,261,146,803
June 30, 2023	46,729,290	7,165,328,567	169,668,689	5,090,766,950	12,472,493,496
June 30, 2022	26,187,109	4,068,413,572	400,273,115	891,972,140	5,386,845,936

35.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

35.4.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	2023		
	Carrying amount		
	Loan and receivables	Other financial liabilities	Fair value
	----- Rupees -----		
Financial assets not measured at fair value			
Deposits	24,261,090	-	24,261,090
Trade debts	3,348,646,520	-	3,348,646,520
Bank balances	239,870,468	-	239,870,468
Loans and other receivables	242,069,833	-	242,069,833
Financial liabilities not measured at fair			
Supplier's credit	-	2,159,536,759	2,159,536,759
Long-term financing	-	3,037,568,594	3,037,568,594
Lease liabilities	-	41,824,127	41,824,127
Short - term borrowing	-	3,261,146,803	3,261,146,803
Trade and other payables	-	4,194,086,545	4,194,086,545

	2022		
	Carrying amount		
	Loan and receivables	Other financial liabilities	Fair value
	----- Rupees -----		
Financial assets not measured at fair value			
Deposits	31,906,079	-	31,906,079
Trade debts	2,265,172,614	-	2,265,172,614
Bank balances	225,782,750	-	225,782,750
Loans and other receivables	345,934,809	-	345,934,809
Financial liabilities not measured at fair			
Supplier's credit	-	-	-
Long-term financing	-	681,430,177	681,430,177
Lease liabilities	-	15,826,134	15,826,134
Short - term borrowing	-	2,508,026,062	2,508,026,062
Trade and other payables	-	2,004,002,907	2,004,002,907

35.5 Capital risk management

The Group finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Group monitors capital using a debt equity ratio as follows:

	Note	2023 Rupees	2022 Rupees
Long-term borrowings (including current portion)	19	3,037,568,594	80,015,804
Short-term borrowings	24	3,261,146,803	1,142,972,258
Total debt		6,298,715,397	1,222,988,062
Cash and bank balance	14	(240,143,967)	(156,531,197)
Net debt		6,058,571,430	1,066,456,865
Issued, subscribed and paid-up capital	15.2	6,300,945,450	3,600,000,000
Revenue reserves		3,019,217,117	1,591,723,953
Capital reserves		1,642,279,737	1,218,989,793
		10,962,442,304	6,410,713,746
Total debt and equity		17,021,013,734	7,477,170,611
Gearing ratio		36%	14%

35.6 Collateral

INTERNATIONAL PACKAGING FILMS LIMITED

The Group's certain assets are under charge in order to fulfill the collateral requirements for various financing facilities. The counter parties have an obligation to return the securities to the Group. The fair value and terms and conditions associated with the use of these collateral and securities given by the Group are disclosed in respective notes to these consolidated financial statements. The Group did not hold collateral and securities of any sort as at June 30, 2022 and 2021.

35.7 Changes in liabilities to cash flows arising from financing activities:

	2023				2022			
	Un-claimed dividend	Short-term borrowing	Long-term financing	Lease Liability	Advance received against future issue of shares	Un-claimed dividend	Short-term borrowing	Long-term financing
	(Rupees)				(Rupees)			
At the beginning of the year	-	2,467,608,151	681,430,177	15,826,134	-	-	1,132,304,600	80,015,804
Changes from financing cash flows								
Advance received against issue of shares	-	-	-	-	-	-	-	26,812,811
Borrowings obtained	-	745,129,991	2,670,900,830	-	2,088,196,770	-	1,335,303,551	895,956,170
Repayment of borrowing	-	-	(28,864,377)	-	-	-	-	(56,485,161)
Lease liability payments	-	-	-	(9,573,338)	-	-	-	-
Dividend paid during the year	-	-	-	-	-	-	-	-
	-	745,129,991	2,642,036,453	(9,573,338)	2,088,196,770	-	1,335,303,551	839,471,009
Other changes								
Shares issued during the year	-	-	-	-	-	-	-	-
Addition to lease liability	-	-	-	35,571,331	-	-	-	-
Finance cost	-	638,211,921	74,945,647	5,315,070	-	-	-	-
Finance cost paid	-	(589,803,260)	(74,945,647)	(5,315,070)	-	-	-	-
Recognition of government grant	-	-	(392,649,695)	-	-	-	-	-
Capitalised in property, plant and equipment	-	-	106,751,659	-	-	-	-	-
Dividends declared	-	-	-	-	-	-	-	-
	-	48,408,661	(285,898,036)	35,571,331	-	-	-	-
At the end of the year	-	3,261,146,803	3,037,568,594	41,824,127	2,088,196,770	-	2,467,608,151	681,430,177
	-	-	-	-	-	-	-	15,826,134

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES OF THE GROUP

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	(Rupees)					
Managerial remuneration	14,400,000	14,400,000	-	-	224,927,117	148,885,384
Fees	-	-	-	-	-	-
Commission or bonus	2,400,000	1,200,000	14,451,400	13,175,000	32,223,017	11,594,899
Reimbursable expenses	-	-	-	-	7,060,082	6,277,169
Retirement benefits	1,214,058	-	-	-	29,449,061	5,099,445
Other perquisites and benefits	-	1,317,835	-	-	44,356,178	17,577,060
	18,014,058	16,917,835	14,451,400	13,175,000	338,015,455	189,433,957
Number of persons	1	1	9	7	43	31

36.1 Certain executives are provided with the use of Group maintained cars and telephone facility, which are reimbursed at actual to the extent of their entitlements as per their terms of employment.

36.2 No remuneration is paid / payable to the Chief Executive and directors of the subsidiary companies.

TRANSACTIONS WITH RELATED PARTIES

INTERNATIONAL PACKAGING FILMS LIMITED

The related parties comprise of associated company, majority shareholders and key management personnel. These transactions are carried out on agreed terms and approved by the Board of Directors of the Group. Transactions with related parties, other than those disclosed elsewhere in the consolidated financial statements, are as follows:

Name of the related party	Relationship	Transactions during the year	Percentage of share holding in the company	June 30, 2023	June 30, 2022
				----- (Rupees) -----	
Universal Packaging Company (Private) Limited	Associated Company by way of common directorship	Sales Receipts against sales Purchase Payment against purchases	Nil	2,288,799,471 1,619,628,656 13,549,967 5,034,004	1,178,615,176 950,767,347 16,967,202 24,903,125
Saima Packaging Company (Private) Limited	Associated Company by way of common directorship	Sales Receipts against sales	Nil	522,775,978 736,940,489	- -
Universal Coating Films (Private) Limited	Associated Company	Sales Receipts against sales	Nil	232,334,522 95,494,487	- -
Universal Films Private Limited	Associated Company	Sales Receipts against sales	Nil	- 702,160	- -
Muhammed Amin	Key management personnel	Bonus share issued	0.71%	14,823,523	-
Arsalan Pirani	Key management personnel	Bonus share issued Right issue	5.64%	118,355,220 44,174,273	- -
Mushtaq Tejani	Key management personnel	Bonus share issued right issue	9.47%	198,850,650 45,000,000	- -
Taimoor Iqbal	Key management personnel	Bonus share issued	8.05%	169,094,170	-
Naveed Godil	Key management personnel	Bonus share issued Right issue	14.61%	306,797,310 246,296,540	- -
Abdul Aleem Tinwala	Key management personnel	Bonus share issued Right issue	2.36%	49,561,610 45,434,982	- -
Fazal Ur Rehman	Key management personnel	Bonus share issued Right issue	5.17%	108,670,140 761,601,891	- -
Aftab Zahoor Raja	Key management personnel	Bonus share issued	0.14%	2,840,080	-

38 NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	June 30, 2023 ----- Number -----	June 30, 2022
Total number of employees	366	257
Average number of employees during the year	302	250

39 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 12 SEP 2023 by the Board of Directors of the Parent Company.

40 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of a single reportable segment.

All sales of the Group comprise of BOPP and CPP Films.

Total sales of the Group relating to customers in Pakistan were 99.57% during the year ended June 30, 2023 (2022: 98.4%). All non-current assets of the Group at the end of the current and preceding year were located in Pakistan.

Sales to twenty major customers of the Group are around 56.68% of the Group's total sales during the year (2022: 55.3%).

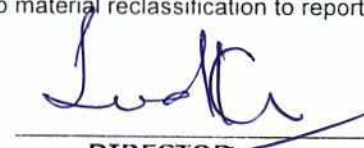
41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Parent Company in its meeting held on 12 September 2023, has approved creation of a Capital Reserve namely 'Reserve for Investment in Subsidiaries' and transfer of Rs. 3,259,000,000 (three billion two hundred & fifty nine million rupees) from accumulated profits to the said Capital Reserve.

42 GENERAL

- 42.1 All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Rupees unless otherwise stated.
- 42.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.


CHIEF EXECUTIVE


DIRECTOR